

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-10 NSC-10 NSCE-00 OMB-01

COME-00 TRSE-00 STR-01 CIEP-01 FEA-01 L-02 CIAE-00

INR-10 NSAE-00 RSC-01 DODE-00 PRS-01 SPC-01 DRC-01

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 9748

C O N F I D E N T I A L MEXICO 0650

LIMDIS

EO 11652: GDS

TAGS: ETRD, MX

SUBJ: ESTABLISHMENT OF IMPORT QUOTAS IN MEXICO

1. DURING MY FAREWELL CALL ON FINANCE SECRETARY LOPEZ PORTILLO, HE SAID THAT FOR BALANCE OF PAYMENTS REASONS MEXICO WOULD ESTABLISH ADDITIONAL IMPORT QUOTAS DURING 1974. HE SAID HE HOPED THAT QUOTAS COULD BE RESTRICTED TO ITEMS NOT ESSENTIAL FOR MEXICO'S INDUSTRIAL EXPANSION. HOWEVER, HE SAID THAT DEFICITS RANGING UP TO ONE BILLION DOLLARS WHICH WAS APPROXIMATELY THE FIGURE FOR TOTAL 1973 DEFICIT WAS NOT ACCEPTABLE OR POSSIBLE FOR MEXICO. ACCORDINGLY HE STATED PRESIDENT ECHEVERRIA HAD AGREED TO HIS PROPOSAL AND GIVEN HIM AUTHORITY TO PREPARE A LIST OF ITEMS ON WHICH IMPORT QUOTAS WOULD BE ESTABLISHED. LOPEZ PORTILLO SAID HE WOULD BE WORKING ON THIS URGENTLY BUT DID NOT INDICATE WHAT ITEMS MIGHT BE INVOLVED BEYOND SAYING PASSENGER CARS WOULD NOT BE PERMITTED AS IMPORTS (THERE ARE VERY FEW ALREADY).

2. LOPEZ PORTILLO THEN SAID THAT HE WAS OPTIMISTIC FOR MEXICAN LONG-TERM ECONOMIC FUTURE BUT THAT 1974 WAS IMMEDIATE
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PROBLEM AND THIS WOULD BE A DIFFICULT YEAR. HE STATED

THERE WAS NO PRESENT INTENTION TO DEVALUE THE PESO BUT THAT IF THE RISE OF THE DOLLAR CONTINUED, MEXICO WOULD OF COURSE HAVE TO CONSIDER WHETHER IT SHOULD DEVALUE. HE EXPRESSED VIEW THAT DOLLAR WAS PROBABLY AT ABOUT ITS CORRECT VALUE NOW AND HE HOPED IT WOULD REMAIN RELATIVELY STABLE. HOWEVER, HE REPEATED THAT IF THERE WERE A CONTINUED RISE IN THE DOLLAR, MEXICO WOULD HAVE TO TAKE A NEW LOOK AT ITS POSITION.

3. FINALLY, LOPEZ PORTILLO ASSERTED MEXICO WOULD ESTABLISH A MORE VIGOROUS POLICY OF OIL EXPLORATION ON ITS COASTS ESPECIALLY. HE THOUGHT THAT IF MEXICO COULD BECOME AN EXPORTER OF OIL OVER THE COMING YEARS IT WOULD OF COURSE HAVE AN EXCELLENT EFFECT HERE. HE THOUGHT THAT PEMEX COULD CARRY OUT MUCH OF OIL EXPLORATION BUT THAT IT WOULD UNDOUBTEDLY NEED ASSISTANCE FROM FOREIGN TECHNOLOGY UNDER THE TERMS OF THE NEW TECHNOLOGY LAW.
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Message Attributes

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